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Foulke, William Dudley

Present state of our civil
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American Social Science Association

PRESENT STATE OF OUR CIVIL SERVICE

BY

W. D. FOULKE

THE SILVER QUESTION

BY

JOHN DEWITT WARNER, M.C.

CONCORD, MASS., OCTOBER, 1891

THE PRESENT STATE OF OUR CIVIL SERVICE.

BY W. D. FOULKE, ESQ., OF RICHMOND, IND.

The principles underlying civil service reform are as clearly demonstrable as any in political economy. They start from the same axioms of self-interest, which, while not the sole motive of human action, are still apt to play a preponderating part. Just as men will buy in the cheapest market and sell in the dearest (and from this starting-point much of political economy takes its rise), just so it is a necessary consequence of the spoils system that men, in the distribution of offices, will pay the highest price for support of the greatest political value. As commercial value is measured by dollars, so political value is measured by votes, either in caucus, convention, or popular election. The rules of political economy have many exceptions. In experience the "parallax and reflection" (if I may so term it) of the special surroundings make the actual result somewhat different in every case from the theoretical result. Personal references, as well as ignorance of surrounding conditions, make it, perhaps, untrue in ninety-nine cases out of a hundred that men actually buy in the very cheapest market and sell in the dearest. But this law is, nevertheless, the law of all trade. So it is true in the market of politics, which the spoils system represents, that the vote value of every appointment is the normal rule toward which every appointment gravitates. Personal or special considerations may control, just as friendship may lead a man to trade at a neighbor's store and pay a little higher price for what he buys. Men have mistaken notions of the political value of a claimant for office, just as they have mistaken notions of the commercial value of the goods they buy. But the laws of trade and of spoils politics are essentially the same.

The more elaborately commercial society is developed and the more generally commercial intelligence is diffused, the more closely is the general economic rule observed and the less do personal considerations affect the matter of barter and exchange. So,

in politics, the larger and more complicated the interests, the greater the number of votes, and the greater the certainty of the motives which act upon these votes to cast them one way or the other, just so much more closely will this political rule of barter and sale approach the actual and proved reality. In the primitive stages of republican government men consider more the quality of the man to be appointed than in its later and more impersonal stages. In earlier days we acted upon the theory of personal discretion in the selection of office-holders. The President was supposed to have some knowledge of the postmasters and collectors whose names were submitted to the Senate; and, when postmasters and collectors were few, this theory was not unreasonable. In the early days of the steam-engine the valve was turned on by the personal action of the engineer; but, as the machinery became more highly developed and complicated, automatic action was found to be necessary. So has it been in our government. When the number of postmasters increased to 40,000, personal selection became no longer possible. These things must now be done by system. What shall the system be?

The development of the spoils system in American politics has been attributed to Andrew Jackson, to Martin Van Buren, to Aaron Burr. It is not due to any man. If Andrew Jackson, Martin Van Buren, and Aaron Burr had never lived, it would still have been engrafted, at some time or other, in some form or other, into American institutions, in the absence of some other definite system established by law. So long as appointments were left to the personal discretion of an officer selected by universal suffrage, the spoils system was a necessary result. The voter value of the man could not be disregarded when he sought office from those whom he had helped to power. But, just so surely as the spoils system was the product of natural law, just so certain is it to-day that its abolition is a necessity, born from the evils which it inflicts.

No one will deny that party government is a necessary phase of popular government. Party government in the political world exercises much the same function that competition does in the commercial world, that war does in the physical world, and that the constant struggle for existence (the strong preying upon the weak) does in the organic world. It is part of the great development of nature through the survival of the strongest and the fittest. Where all men vote, the strongest must conquer at the ballot box by essentially the same rules that armies conquer in war. The temptation

is powerful to use all means, lawful or unlawful, according to the Decalogue and the Golden Rule or against them, to defeat the enemy. In earlier times and among the lower types of humanity the love of booty was a powerful motive with the man of war. The right to despoil his enemy was never questioned. But it has gradually dawned upon the consciousness of the civilized world that this right of plunder not only inflicts unnecessary hardships upon the conquered, but that it is the greatest weakness of the conquering army. How many have been the battles lost where, after the first onslaught, the victorious troops, instead of securing the fruits of their victory, devoted themselves to plunder, and have in their turn been overcome and despoiled? The military world recognizes that the courage of the soldier must be sustained by some other motive than by the hope of spoil, and that to allow an army to devote itself to plunder is to corrupt and ruin it. This is true none the less in politics than in war. In nearly every instance patronage is a source of weakness rather than strength. The number of the disappointed is always greater than the number of the successful. Even the man who receives the coveted plum is apt to prove ungrateful. The corrupting influence of plunder is such that the honor said to exist among thieves cannot be trusted. President Arthur had the patronage, yet he could not secure a renomination. President Cleveland had the patronage, yet it contributed probably more than anything else to his defeat. President Harrison had the patronage, yet the success of the Republican party in 1888 was converted in 1890 into the most disastrous defeat in its history.

The analogy between the spoils of war and the spoils of office goes further. In the division of booty among chiefs and men, the share of each was determined by the war value of the man. The chief was to have one-fifth or one-tenth of the whole, then came the greater warriors, while the common men must content themselves with but little. So in politics, as we have seen, the place to which a man is entitled depends upon his political value. The man who raises or distributes a small campaign fund gets a small place, while the man who raises his hundreds of thousands may even hope for a seat in the cabinet. The small speaker in the country district may aspire to a county post-office. But the great leader whom all flock to hear may, perhaps, become a premier. The question which, after all, determines the office to be given and the man to have it is, How many votes is he worth?

Now, it is evident that under such a system as this there is no relation of fitness between the man and the duties he is required to perform, unless those duties are political. If his duty is to spread the principles of his party and win votes for it, of course the best politician will be the best man for the place; but, if the duties are purely administrative or financial, the man whose excellence lies in neither of these fields of action will very likely be a bad man for the place. In all non-political offices we are sure, under such a system, not to get the best service but a rather poor service. Skill in managing a caucus has no relation to skill in adjusting the accounts of the Treasury Department. The man who can best "whoop up the boys" by promises of patronage is not always the best guardian of public funds. Indeed, the particular kind of politician whose vote value is the most easily determined, and the results of whose labors are the most palpable, is generally the one who is disqualified for responsible office. The influences which determine the conduct of the conscientious independent voter are not so immediately traceable to the particular action of any one man as are the votes of the venal "floaters" to the man who divides them into blocks of five or who raises the money to corrupt them. The venal politician is, upon the immediate face of things, a more valuable man than the more remote agent who merely convinces the intelligence of an unknown number of proselytes. Hence he is apt to secure a better place, unless the fear of public indignation following the discovery of his methods makes his appointment impossible. So it often happens that a few votes in the convention which makes the nomination are more important than a vast number of votes at the popular election. Hence we find that the support of delegates is especially sought for by aspiring candidates, and that great numbers of those who have thrown their influence for the nominee in convention are to be found among the successful aspirants for office.

Another thing which results is a political hierarchy, or, as Mr. Lucius B. Swift more accurately calls it, a system of feudalism in office-holding, in which the respective rank and power of the man are often quite different from that prescribed by the Constitution and laws. According to the latter, the President and members of the cabinet make the appointments; the head of a department or bureau is generally authorized to appoint the officers who serve under him, and he is responsible for their conduct, dismissing

them if they prove inefficient. Yet, in point of fact, we find that appointments are not made in any such way. A member of Congress or political boss of the State, the district, or the city, is really the appointing power. Sometimes, like Senator Quay, he holds an office which is purely legislative, involving no such duties as the distribution of patronage; sometimes, like Mr. Platt of New York, he holds no office at all. These gentlemen, the greater barons of politics, divide their possessions among the lesser lords, the county chairmen and political bosses; and these again apportion their allotments among the leaders in townships and wards, who, in their turn, divide their little holdings among their own thralls and hustlers. In each case, service and fealty are due, not to the head of the office, nor to the government itself, but to the particular source from which the appointment comes. The result is that the men appointed—inasmuch as they do not owe their places to any qualifications for the work to be done, and do not expect to retain it by virtue of their industry or fidelity, but on account of their influence with the men who appointed them—often neglect their duties and devote themselves to political work quite inconsistent with those duties. This system has all the vices and lawlessness of feudalism, and those additional weaknesses which spring from the unstable and uncertain tenure upon which these offices are held. The man who nominally makes the appointments—the head of the office or department—does not dare to make removals for incompetency, lest he should offend the powerful "influence" which stands behind the incompetent man. The "influence," on the other hand, cares little for the manner in which his vassal performs the duties of the office, so long as the personal or political service to himself is satisfactory. There is thus a divided responsibility, the duties are neglected, and there is nowhere any power to apply the remedy.

An inevitable characteristic of the patronage system is the falsehood and intrigue which it fosters, and the secrecy by which it is surrounded. Recommendations and petitions are forwarded in great numbers, signed upon personal solicitation and meaning nothing, and men are displaced without cause to make room for the unworthy. In my own town I had occasion to know that a man who had been the laughing-stock of the community, and was incapable of holding any responsible position whatever, was recommended for one of the most important offices in the gift of the government by our best merchants, bankers, lawyers, and

judges. Every one of them knew that the petition which he signed was a falsehood, but did not like to disoblige the man who had requested his name. There is no means by which the appointing power can be protected from misstatements such as these, so long as appointments go by favor, and not by proved merit. The hypocrisy and violation of pledges produced by the "pressure" of the spoils system cannot be better shown than by two illustrations,—one drawn from the conduct of President Cleveland and the other from that of President Harrison, both of whom would, I am satisfied, advance the reform of the civil service, if left free to do so.

In August, 1885, noticing that suspensions of postmasters before the expiration of their terms were becoming very frequent, and that it was claimed that their removals had all been made for cause, I addressed two hundred and ninety-five letters to postmasters suspended. I inquired of each the cause of the suspension, whether any charges had been made, and whether there was any investigation or opportunity for defence. To these letters I received one hundred and thirty-six replies, which gave the desired information. In only two instances had there been an investigation. In every other case, no notice of any charges was given, no cause assigned, no opportunity offered for defence, denial, or explanation. In a large number of cases, the first information received by the postmaster suspended was by newspaper report or upon presentation of the order of suspension by the new appointee. Sometimes the parties learned by hearsay and street rumor that charges of offensive partisanship had been preferred. In twenty-one cases, a request was made for information respecting the charges and for an opportunity for investigation; but no such opportunity was given, nor were the charges disclosed. I communicated to President Cleveland, personally, the results of my inquiries, together with the names of the postmasters in question.

I found, however, that the President approved of this course. He stated that he considered it impracticable to inform the postmasters of the charges made against them; that this would be to turn the question of their removal into a judicial investigation; that they were continually protesting, objecting, and asking for copies of the charges, but that these could not be furnished them. I suggested that there was little use of requiring that charges should be preferred, if the man accused was not permitted to see

them, and there was to be no investigation; that charges were frequently made by persons utterly irresponsible, and often by those who did not pretend to know the facts; that such charges were often false, and that it was not possible to procure accurate information until both sides had at least a chance to be heard. He said that the department had to get its information as best it could, that he had great difficulty in bringing many of his party friends up to his ideas of this reform, and that Indiana was a particularly bad State.

This remarkable system of secret charges by unknown accusers, and removals without investigation, was evidently the joint product of President Cleveland's desire for civil service reform and the clamor of his party for the spoils. Frequently, the accuser was rewarded for his secret slander by appointment to office. I could name many instances.

Louisa C. Canine was removed without notice upon the false charge preferred by A. J. Kitt, her successor, that she was a non-resident.

The affidavits against A. H. Sympson, of Winchester, Ky., were preferred by William M. Bickner, a relative of his successor.

W. L. Seaton, of Jackson, Mich., was assured that his successor (an editor of a Democratic paper) filed charges of offensive partisanship against him.

Charles C. Michaels, of Hope, Ind., writes that the charges were preferred by a brother in law of his successor.

E. R. Kirk, of Sioux City, Ia., was removed through the agency of one Chase, an office-broker, upon affidavits of partisanship, made by the son-in-law of his successor.

S. A. Marine, of Vinton, Ia., heard that the specification against him was the delivery of a partisan address on Decoration Day, which was in fact delivered by his brother.

The charge against J. H. Stewart, of Charlton, Ia., was exhibiting an obnoxious campaign banner in the post-office building. He shows by affidavit that it was not exhibited by him, and was not in any room under his control, and that he requested its removal. His successor was chairman of the Democratic central committee.

No doubt some of these denials by the suspended postmasters may have been untrue. They were *ex parte* statements, and necessarily so from the fact that neither the charge nor the accuser was known. Among so many removals there were, no doubt, a good number which were properly made. The objection was not to any particu-

lar case, but to a system which made it impossible for the department to know whether the charge was true, and under which many acts of flagrant injustice must be committed. Such a system will naturally be used by spoils-men to get places. Indeed, the appointees appeared to be largely from that class. The trouble in all these cases was that the old habit of finding places for political friends had become so deeply ingrained into the politics of the country that this method was adopted as a sort of compromise between the old and the new methods, but happily, as I believe, only incidental to the period between them.

A committee of the Civil Service Reform League discovered that just the same thing had been done under the administration of President Harrison. Out of the 356 answers received to our questions asking whether or not any cause for removal was given to the man being removed, it appeared that in only 47 cases was such cause assigned, in 10 cases the matter was disputed, and in 299 cases it appeared from uncontradicted statements that the incumbent was removed without any cause being given for the removal. In a very large number of cases, he solicited information from the Post-office Department as to the character of the charges, but this information was almost invariably refused. If he ever learned what the charges were, he learned it from private inquiry and from other sources, generally from hearsay and rumor. In many instances, the new appointee referred us to written charges on file in the department. But as Mr. Wanamaker told us that "all papers in appointment cases have invariably been deemed privileged and confidential," and as the postmasters removed were refused access to the charges, but little could be done to lift the veil which concealed these secret accusations.

The following instances are submitted as examples:—

Elijah Ratnour, former postmaster of Weeping Water, Neb., wrote to the Assistant Postmaster-General, asking the cause of his removal, of which he had been informed. The following was the answer:—

Yours of Nov. 23, 1886, received, asking the cause of your removal. When your successor receives his commission, turn the office over to him without further notice.

Yours truly,
J. S. CLARKSON, First Assistant P. G.

William Wilson writes in regard to his removal from the post-office at Chadron, Neb.:—

I immediately wrote President Harrison that I only asked the privilege and right of an American citizen,—that is, to defend myself; that if there were any charges against me, I would like to have an opportunity to answer them. In reply I received the following:—

"Mr. William Wilson, Chadron, Neb.:

"Dear Sir,—The President directs me to acknowledge the receipt of your letter, and to inform you that it has been referred to the Hon. Postmaster-General, to whom all further communications upon the subject should be addressed.

"Very respectfully yours,

"ELIJAH W. HALFORD, *Private Secretary.*"

I was never able to hear from the Hon. Postmaster-General or any one else.

D. W. Pratt, postmaster at Farmington, Me., writes:—

I wrote the Postmaster-General last December, asking him what law I had violated. He acknowledged the receipt of my letter, but has never answered it.

Harry C. Evans was removed as postmaster at Bloomfield, Ia., and, when Congressman Walter J. Hays inquired on his behalf the reason of the removal, the following answer is returned:—

WASHINGTON, D.C., Feb. 3, 1890.

My dear Sir,—In response to your letter of January 30, asking to be advised "What, if any, charges were made against H. C. Evans, late postmaster at Bloomfield, Ia., as basis of his removal," I would say that the charge was made on statements of reliable people in Bloomfield for the improvement of the postal service. It seemed a pretty clear case; and I would be glad to send you the statements, except that they were made by private citizens and in a confidential manner. . . .

J. S. CLARKSON, *F.A. Postmaster-General.*

William H. Greenhow addressed the Post-office Department about the first of December, 1889, asking if any charges had been filed against his management of the office. He received the following answer:—

WASHINGTON, D.C., Dec. 6, 1889.

Sir,—Yours of the 23d inst., relating to charges against the management of the post-office at Hornellsville, Steuben County, N.Y., and requesting copy of the same, has been received and placed on file at this office. In reply, I beg to inform you that it is not the custom of the department to furnish postmasters with copies of the charges against them, except in cases provided by section 25, page 727, of the "Official Postal Guide" for 1889.

Very respectfully,

J. S. CLARKSON, *F.A.P.G.*

This exception refers to cases where such papers are required in pending legal proceedings.

Mr. J. H. Middleton, former postmaster at West Hoboken, N.J., states that no cause was assigned for his removal:—

My successor was asked to make a charge, but answered no charge could be made against me, as I ran the office to the satisfaction of the people.

To this his successor, Julius Klumpp, answered:—

I did not use any influence to have the said gentleman removed, nor was asked to prefer charges, or that I said no charges could be made, as I ran the office to the satisfaction of the people. How could I say such a thing? Because we are aware and the Good Book says mankind is not infallible, consequently *charges could always be made if required.*

Here, too, is a system of removals upon secret charges by unknown accusers without opportunity for defence, explanation, or denial. It is inquisitional in its character, and totally inconsistent with republican institutions and with our present civilization. It encourages falsehood and slander, which are thus protected by the veil of secrecy; and the confiscation of the office for the benefit of the informer completes the injustice. No efficient civil service can ever be procured until such a system is utterly overthrown. It leads to the appointment of the men who are the most unfit to carry on the business of the government: the slanderer and the maligner receive the place as the reward for their evil doings. This system could be easily abolished if the inspector of the department, previous to the removal, were required to acquaint the officer accused with the nature of the charge against him and hear what he had to say. If such a vast number of removals were not made for purely political reasons, this would not be a difficult task. It is only because the energies of the department and of the inspectors are exhausted in an improper and immoral effort to turn men out without cause, for political reasons, that they might find it difficult to give the necessary time to an investigation of charges where publicity would be some guarantee that they were honestly made.

It would be just as absurd to expect a judge to decide a case properly, when he heard nothing but the plaintiff's statement, as to expect removals to be properly made under such a system as this.

In connection with these removals upon secret charges, it may

be well to recall the expressions of Mr. Garrison to the Senate upon the subject in his speech of March 26, 1886 (as reported in the *Congressional Record*, Vol. 7, page 2790, No. 3, *et seq.*):—

In many of these cases, it leaked out in the community where the officer resided that charges had been filed against him. Some base fellows had been used for the unholy office; and, being advised that charges had been sent, the appeal was made to heads of different departments, and I believe in many cases to the President himself, to be advised of the character of the charges made. Here was an accusation, a hearing, a sentence, and an execution without the accused being advised of the character of the charges against him.

Mr. Garrison then cites the case of Isabelle de la Hunt, something similar in character, as well as a number of others, and says:—

I do lift up a hearty prayer that we may never have a President who will not pursue and compel his cabinet officers to pursue a civil service policy pure and simple and upon a just basis, allowing men accused to be heard, and deciding against them only upon competent proof and fairly. Either have that kind of civil service, or, for God's sake, let us have that other frank and bold, if brutal, method of turning men out of office simply for political opinion. Let us have one or the other. They will not mingle. It was the conflict of these currents—the President, on one side, endeavoring to be responsive to his self-imposed pledges, and the pressure of his party, on the other—that has driven those who were at the heads of the departments, in the attempt to preserve and maintain the President's professions and at the same time give to the hungry who were demanding to be fed—it was an attempt to reconcile the irreconcilable that has brought about this wretched condition of things in which men and women are condemned without a hearing.

It seems incredible that the administration of the man who uttered these words should perpetuate this system of removals upon secret charges, yet such is the fact. And it is a significant commentary upon the debasing influence produced by the pressure of office under the spoils system that it could thus pervert the excellent intentions of these two Presidents, both of whom had apparently desired to befriend the reform.

Indeed, the most disastrous effect of the spoils system is not upon the civil service itself: it is upon the people. Such is the vitality of republican institutions that they could live and thrive if the service were twice as bad and cost twice as much as it does

to-day ; but republican institutions cannot live and thrive if either the popular elections or the nominations which lead to these elections are controlled by the personal and venal motives which the spoils system directly encourages. When any large body of men seek the nomination of a chief magistrate, senator, or representative, not on account of the fitness of the man for the place nor the principles which he represents, but on account of the money or the office there is in it for themselves, a serious blow is aimed at popular government. It is true that in a certain way the interest of the various sections and classes of the community must be looked after by the representatives of these sections and classes. But, where men seek personal reward as the result of their political activity, they will naturally care for nothing else. As was well said in the report of the committee on election frauds in 1879 :—

At the end of each four years the entire federal patronage (amounting to 110,000 offices) is collected into one lot, and the people divide themselves into two parties, struggling in name to choose a President, but in fact to control this enormous patronage which the President, when elected, is compelled to distribute. The temptation to fraud, to usurpation, and to corruption, thus created, is beyond calculation. A prize so great, an influence so powerful, thus centralized and put up at short periods, would jeopardize the peace of any nation. No nation can withstand a strife among its own people so general, so intense, and so demoralizing. No contrivance so effectual to embarrass government, to disturb the public peace, to destroy political honesty, and to endanger the common security, was ever before invented.

Another grievous evil of the spoils system is the paralysis with which it afflicts not only the administrative activity of the government, but its legislative energy as well. Civil service reform is an absolute necessity, a condition precedent to even a fair consideration of any other reform which requires either legislative or administrative action. Measures of most undoubted public advantage have been proposed session after session in Congress and in the State legislatures, and thrust aside from lack of opportunity or inclination to consider them. The representatives of the people have neither the time nor the wish to trouble themselves about these things, because they have other matters in the distribution of offices of so much greater importance to themselves. The politicians who have been valuable to these men to secure them their places must be provided for. A little more than a year ago I had occasion, as a member of a committee of the Civil Service

Reform League, to make some inquiries of members of Congress belonging to the party in power, as to the extent to which office-seeking and Congressional appointments interfered with their legislative duties. We addressed to many of the members a series of questions, asking of each the number of offices dependent upon his action, the number of applications he received during the previous year, the amount of correspondence and time required. Out of some 24 answers received, it appeared that there was an average number of some 250 appointments depending upon each Congressman, that the average number of applications for office made to each was something more than 1,700, and that more than one-third of the entire time of these Congressmen, which ought properly to be devoted to their legislative duties, was consumed in the distribution of these offices. Some of the answers set forth the annoyance of patronage in graphic language. One Congressman says: "I am quite sure that the number of written applications must be 8,000 or 9,000, besides verbal applications. During the past year more than three-fourths of my time in the day was given to attending to appointments, and late every evening to correspondence with the assistance of a stenographer; and even then I found it impossible to answer more than one-half or two-thirds." Another says, "The amount of time required is more than any other branch of my public duties." Another says, "One prolonged and continued correspondence, the constant and entire time of both myself and secretary, would not suffice." The requirements of patronage do not seem to have changed greatly from the time when General Garfield, in his speech at Williams College, says, "One-third of the working hours of senators and representatives is hardly sufficient to meet the demands made upon them in reference to appointments for offices." The number of places withdrawn from Congressional patronage by the Civil Service Law is about 30,000, but it has been counterbalanced by the extension of the service; and, so long as any large number of offices remain subject to the control of the members of Congress, the applications will continue to be numerous.

Now, in this same Congress there were more than 17,000 bills which were introduced. Of this number, the measures which were finally passed were only 1,824, or a little more than 10 per cent. More than 11,000 of these measures were referred to committees and never reported. About 1,400 were reported, but never reached a final determination in the respective houses in which they were

introduced; something more than 1,000 passed the house in which they were introduced, but never reached a final consideration in the other branch of Congress; while less than 3,500 (or less than 20 per cent. of the whole) were finally acted upon one way or the other. These figures are enough to show that the great majority of measures made in Congress remain unconsidered and undisposable of. No doubt much of this proposed legislation would be injudicious. But there should be some way in which the good could be sifted from the bad. It is evident that many useful measures appeal vainly to this great legislative tribunal for simple consideration. The damage to the interests of the country resulting from a system which permits this confusion of legislative and administrative duties is incalculable.

The system itself is inherently vicious. The union in a single person or body of men of different functions of government which are distinct in their nature is evidence of a low form of political organism. Not only has the legislator less time to attend to the laws which he ought to make, but he has less disposition to do so. His interests and anxieties are devoted to this special business, which incapacitates him for the proper discharge of his real duties. It is just as inconsistent with good government for legislators to appoint the officers who are to administer the laws as it would be for a judge to undertake personally the execution of the process which he issues, or as it would be for these law-makers to act as judges in administering and applying their own laws. It is only where the legislative, executive, and judicial departments are kept distinct that we can expect efficient work from any of them.

The next question is as to the remedy to be applied to evils such as have been described. Before the advent of Civil Service Reform the remedy for abuses was to turn out the party in power under which they existed, and fill the places by new men taken from another political organization. There must be a rotation in office, in the opinion of all those who are out; while those who are in devote themselves to the perpetuation of patronage and spoils. A moment's thought will show that merely to change an administration is a clumsy way to reform its abuses. It turns out the good as well as the bad,—the faithful servant as well as the spoilsmen and the sinecurist, the honest officer as well as the jobber. A removal for corrupt practices may operate in some general and impersonal manner upon the party as a whole, and thus act as some slight restraint; but it does not appeal personally and directly

to any individual in the service. But, even where reform follows a mere change, it is and always must be of the most temporary manner. Neither of the two great parties of the country to-day can say that the mere personnel of their adherents is such as to secure them against the temptations of long-continued power. We are not gods, but men; and the party that cries so clamorously for reform when out of office contains within itself about as much of human frailty as that which holds for the time the reins of power. The party that would weed out abuses to-day will bring forth a plentiful progeny of corruption in a decade. The cry, "Turn the rascals out!" proceeding alternately from the camps of Israel and Judah and followed by the mere transfer of spoils, is very edifying, but it gives no hope of permanent improvement. We want something that will improve both parties, not merely while we are wandering in the desert, but while flesh-pots of Egypt are before them. We want something that will apply the remedy, at the very approach of the disease; something that works, not transiently and spasmodically, but by a constant natural law. We do not want a nostrum or opiate which gives mere temporary relief from pain and leaves the source of the malady untouched, to attack us with greater violence on the morrow. What we need is a *vis medicatrix naturae*, something in the political system which will restore and retain health without external aid, something which shall be present whenever the forces of decay appear, to correct them by its own inherent power. The remedy should be as permanent as the evil. It should be addressed to the known weaknesses of human nature, recognizing that these may appear in Democrat and Republican alike.

We must remember that no party ever existed—no, nor any form of government—into which corrupt and selfish motives have not somewhere entered. The question is, What will contract within the closest space the sphere of their activities?

Our experience in constitutional restrictions shows that the evils of government are always least where its powers are limited by certain fixed laws, that it is wiser to trust our rights to general pre-established rules than to leave them to be determined by the irresponsible will of another. Accordingly, in general matters of law we leave as little discretion as possible to our judges, our governors, and our political officials. We consider that fixed rules, however imperfect, are better than arbitrary power. Even the hands of our legislators are tied by many stringent provisions of

our State and National Constitutions. They cannot impair the obligations of contract, nor pass *ex post facto* laws. They cannot establish a religion, nor create an order of nobility. Why is this? Because it is deemed safer to trust a general rule in these matters than to leave them to be determined by their arbitrary will. The great feature of all republican institutions is jealousy of official power. We have eliminated it from many parts of our system. What the civil service reformer asks is that still other limitations should be prescribed. Why is it that an appointing officer should be permitted to act any more arbitrarily in his appointments than in respect of any other official act? Public office is a public trust, and he has no more right to bestow it for his personal gratifications or for the success of his party than a judge has to take away our property upon personal or political grounds. If you ask, then, why we want appointments controlled by rules and examinations, why we are not willing to trust the discretion of the executive, or even of the legislature, we answer, "For the same reason that you insist that the judge who passes upon your life, liberty, or property shall be governed by fixed rules of law; for the same reason that you are unwilling to trust his arbitrary discretion to do what seems to him right." The further civilization advances, the less it leaves to be determined by the caprice of its rulers. Absolutism is an evidence of a low grade of society, and the arbitrary right of appointment to office in a man or a party is a rudimentary form of absolutism, still left in a civilization which has in the main outgrown it.

If now it be conceded that a system of rules is better than individual discretion, the next question is, What sort of rules must they be? We take it that it is self-evident that the right of appointment to office is a trust; that the duty is to appoint the man best qualified for the office. The right is in the people; in the tax-payer, to have the best work performed for the money which he is required to pay for it. The people and the tax-payers belong to all parties. You have no right to tax a Republican to pay for services performed for the Democratic party. All pay taxes alike, and the work for which they pay should be the work from which they are all to receive a benefit. That is, it should be public and not partisan service. It is just as much a crime in principle to appoint to office one unfit to perform the duties, on account of personal or partisan services, as to devote the public money to personal or campaign uses. If there be any claim to the office by

any person, it is the claim of the fittest person to hold it solely on account of his fitness. If these conclusions are correct, the only remaining question is, By what system of general rules can the fitness of men for office be best determined?

Now, no man should fill any office unless he knows enough to perform the duties. This knowledge can be found out in two ways: first, by examining him; and, second, by trying him. A man ought not to be a reading clerk who cannot read distinctly, nor an engrossing clerk who cannot write a fair hand and spell properly; yet I have known reading clerks who could not read and engrossing clerks who could not write. An hour's examination would easily have exposed these shortcomings. In all matters, then, where there are any duties to be performed in which the candidate's fitness can be ascertained by an examination, there ought to be such examination. But this is not enough: we ought to seek not only a fit man, but the very fittest. You cannot tell who the fittest is until you compare one man with another. Examinations should therefore be competitive. Now, the larger the competition, the better will be the ability secured. To find out who is the very best, you must give all a chance. This is nothing but simple justice. Every citizen ought to have the right to prove himself the fittest, if he can. Neither wealth, nor birth, nor influence, nor political opinion should shut the door on him, and say, You cannot enter.

But it is not enough that the applicant should be examined,—he may know his duties, and fail to perform them,—he must also be tried. If he be found unworthy, let him stand aside, and give place to the next upon the list. A period of probation should be imposed, and no officer should receive a permanent appointment until his superior certifies to his proper conduct in the discharge of his duties. There should be also proof of moral character and limitations as to age and health. When these safeguards are thrown around the service, and promotions are made to depend solely upon the faithful performance of duty, we have, I think, as good a system as can be devised. We apply to government the great law which Nature applies in every gradation of organic life,—the survival of the fittest. The direct result of the competitive system is the appointment of a much better class of public servants, but its indirect results are still more important. It gives a new impulse to a thorough education in the elementary branches required for the public service, and indirectly to education of every

description. The opening of the civil service to competition is a more powerful stimulus to education than the establishment of a thousand scholarships. But the most important gain is the removal of one of the main causes of the political corruption which now infests our institutions. The offices at the disposal of party managers constitute a great mass of political capital wherewith to bribe men to perform the baser and more dishonorable party services. It is the glittering prize of some office held before the eyes of the ward politician which animates him in his political bartering. To put these offices beyond the power of patronage, to render them unattainable by such means, is to wipe out much of the corruption which pervades our political organizations.

Arbitrary power corrupts its possessor. This is just as true of a party as of a man. The removal of patronage makes both parties purer and cleaner. The demoralizing solicitations which consume the time of legislative and executive officers cease, and they can devote their undivided energy to matters of public policy and statesmanship. Public economy is promoted: legislators no longer vote exorbitant salaries to favor their appointees. Removals without cause are stopped, when no place can be made for a retainer and all vacancies must be filled by competition. The officials, no longer subject to political assessments, nor liable to be arbitrarily removed, can work for lower salaries. They no longer neglect their official duties for politics, since they no longer owe their office to political work. The officers retain their manhood and independence, and are not required to vote for a person or measure which they do not approve for fear of losing their places. Hence the same number of persons can do more and better work. To hold office in the civil service becomes creditable, because it shows that the possessor has ability and knowledge. Executive appointments are no longer influenced by the legislature, because they are beyond the power both of the legislature and the executive. Politics become less a trade. Party intrigue falls into disrepute, while the general suspicion of corrupt motives, which clings to almost every legislative act, in great measure passes away.

The wisdom of Civil Service Reform is demonstrated not merely by reason, but by actual experience. Mr. Dorman B. Eaton, in his report to the President concerning the Civil Service in Great Britain, has shown the beneficial results of the establishment of that

system in the mother country in an historic argument no longer to be refuted. In our own republic the evidence is equally satisfactory. Civil service rules have been applied to about 30,000 offices in the federal government, something less than one-fifth of the whole in mere number, but something considerably more than this in the salaries drawn, and in the importance and responsibility of the places. The more widely extended the classified service, the better its results appear to be. Men who have had special opportunities for comparing the new system with the old in the management of administrative departments of the government (such as Mr. Windom, late Secretary of the Treasury) speak most emphatically of the improved service and the general beneficial results of the competitive system. It would be a sheer impossibility to cast the numerous places in the classified service in the various departments in Washington back into the muddy pool of political patronage. The business of the government could not endure the strain. Even Mr. Wanamaker, little as he has shown himself in sympathy with Civil Service Reform, has been compelled to acknowledge the advantages of the system by a rule making promotions in his department dependent upon the proved fitness of those who seek it, as shown by competitive tests. Mr. Tracy, to his great credit, has removed many places in the Navy Department from the patronage system, and put them under rules quite similar to those adopted by the Civil Service Commission. The progress of the country toward Civil Service Reform, in spite of the political prejudices of those who seek to fight against the courses of the stars, is unmistakable. Whatever party may acquire the reins of power, there will be no great permanent backward step.

The manner in which the spoils system works, as contrasted with the merit system, is very clearly shown by the number and character of removals under each, when a new administration comes into power. I had occasion to examine quite extensively the number and character of removals of presidential postmasters (officers which have not yet been brought under the rules) during the first year of the present administration. It was a singular fact that the Post-office Department refused to allow access to the original sources of information concerning these removals. The Postmaster-General refused to permit the record of the removals to be inspected; and the President, when informed of the fact, failed to furnish any remedy. The number of removals they were

willing to tell, but as to the particular cases we were not permitted to obtain any information. Through the *Congressional Record*, however, we obtained a pretty complete list of the particular changes made, and then by individual inquiry and correspondence in each case ascertained what the character of the removal had been.

The statement made by Mr. Clarkson, First Assistant Postmaster-General, showed that the entire number of changes among presidential postmasters during this year was 1,783, or more than 65 per cent. of the whole. A great number of the so-called resignations were found by us to be compulsory. The men removed were in nearly every instance Democrats, and their successors Republicans; and, in most cases where the cause was specifically investigated, the reason of the removal was found to be political. An investigation conducted by the Civil Service Commissioners shows that in the unclassified offices the great majority of those in office during one administration are removed during the next, the evident purpose of this being to provide places for their successors for political reasons; while in the classified service, where the successor was appointed upon his merit, and not as a matter of patronage, the average number of changes have been less than 20 per cent. during the same period. The comparative workings of this system cannot better be shown than by these figures. The sum total of the whole matter is this: the service is better, more permanent, and more economical, political removals are eliminated, and the corrupting influence of these political prizes upon caucuses, conventions, and elections is removed, just in the proportion that Civil Service Reform has supplanted the system of patronage and spoils.

Pindar, the poet of the Dorians, tells us that "after-days are ever the wisest witnesses." These we invoke, to them we turn with faces full of hope, knowing that, whatever may betide in this lustrum or the next, the after-times of a republic which shall be preserved by this reform from that corruption which is nourished by the spoils of office, will cherish the work of those who have borne ever so small a part in the battle for the integrity of popular government and the perpetuation of free institutions upon the earth.

THE SILVER QUESTION.

BY HON. JOHN DEWITT WARNER, M.C.

(Read September 3, 1891.)

The title of this paper suggests a well-defined question of currency, metallurgy, or the arts, capable of precise statement, and of full and clear discussion within the limits assigned me. But as now understood, or misunderstood, "The Silver Question" is a collective term, embracing a congeries of disturbances now agitating the public. So to classify these as to show their relations to each other and their bearing upon public interests is, therefore, all that it will be possible to do here. That more cannot well be attempted is the less to be regretted, since the active forces in this movement are such as, on the one hand, are old acquaintances, and, though somewhat disguised, are easily understood when recognized; and, on the other, they are mutually destructive to each other when brought together. The problem is, therefore, not so much either to diagnose unfamiliar symptoms or to divert disaster by heroic methods, but, rather, to note the course of the fever, the prospects of its continuance, severity, and term, and to suggest what, if any, means should be used to alleviate its violence or prevent its recurrence.

I.

Though complex, the situation is not obscure. Its most well-defined and potent factor is the bullion-producing interest. This has what, in one point of view, may be termed a comparatively legitimate influence out of all proportion to its extent. This comes from the fact that it is engrossed by a few enterprising capitalists, controlling the interests of a few States, which, by our political system and the present crisis of our politics, are not merely represented in Congress to an extent out of all proportion to their population or property, but are enabled to exercise an influence equally beyond proportion to this representation.

The status of the bullion market, which has brought this interest into active politics, originated and is now as follows: At the beginning of our national life under the present Constitution,

under the guidance of the then Secretary of the Treasury, Alexander Hamilton, a standard of national currency was established and designated as the dollar, to consist indifferently of 24 $\frac{1}{2}$ grains of pure gold or 37 $\frac{1}{4}$ grains of pure silver. This ratio was actually and avowedly fixed, with neither intent nor expectation of affecting the value at which either of these metals should be estimated in terms of the other, but as the ratio at which they were then actually current in the commercial world,—fifteen to one. Coinage was made free, so that any one having 37 $\frac{1}{4}$ grains of silver or 24 $\frac{1}{2}$ grains of gold could take them to the mint and receive in exchange a silver dollar or a gold eagle. Within a few years the commercial value of these metals so changed that an ounce of gold would buy more than fifteen ounces of silver. And, since in our currency a silver dollar would buy as much as a gold dollar, silver was extensively coined and gold reserved for more profitable uses. As a result, our coinage became almost exclusively one of silver.

In 1834, under the lead of Jackson and with the express intent of changing our currency to a gold basis, our coinage laws were so amended as to make the currency ratio between gold and silver a little over sixteen to one, which made the material for a silver dollar cost more than that for a gold one. The act had its desired effect, and from that time until 1878 silver ceased to be any substantial part of our currency, except to the extent that it was used as subsidiary coinage,—not legal tender except in petty amounts.

In 1873 a general revision was had of our coinage laws, intended simply to recognize the then existing status and to provide for further coinage, in view of the intent shortly to resume specie payments. For forty years silver had been out of circulation, the few dollars which had been coined during that time having been promptly melted or laid aside as curiosities; and in 1873 no one either expected that silver would become cheaper, or suggested that government dictate the rate at which its citizens should estimate one metal in terms of any other.

The panic of 1873 inaugurated a depression which lasted for the next six years. The causes of this were well known, and not attributed to the currency legislation just alluded to. The panic was, however, a consequence of the late financial operations and policy of the government, and in the minds of many its effect was aggravated by a lack of currency. In order to relieve the situation

and provide the currency which, it was believed, the masses of the people desired, the Bland Act was passed in 1878, providing for the coinage by the government of two millions of silver dollars per month, the bullion therefor being bought in the open market by the government. The force behind this bill was, in the main, a disinterested belief that more currency would cure the situation, and that the people wanted and would welcome it in the shape of silver dollars. Meanwhile, however, the price of silver had fallen to \$1.15 per ounce gold; and the bullion owners, naturally anxious to increase the demand for their product and thus sustain its price, were prompt to co-operate with the movement.

The Act of 1878 was at this time quite generally favored. Its passage was secured by those who believed that every one wanted more silver dollars. The price of bullion at that time was but \$1.15 per ounce, and the government was pleased to gain as seigniorage the difference between the bullion price and \$1.29 per ounce, at which rate it was issued in coin; while the bullion producers were, of course, only too glad to have so large an additional demand secured to them. The results were disappointing. So far from the silver dollars being eagerly taken by the people, they were soon pronounced a nuisance. The government was unable, even by the inducement of free expressage, to keep any considerable quantity of them in circulation, and was driven to the expedient of issuing representative paper. The price of silver bullion declined steadily, though irregularly, till in 1886 it averaged less than a dollar per ounce.

About this time became prominent the silver agitation which has of late so increased. On the former occasion it had been mainly a currency question, pressed to the front by popular opinion throughout great part of the country, but effectively favored by bullion producers. The new movement was of a different character, organized and headed by bullion producers, and co-operated in not merely by those who had long believed in the "more-currency" panacea, but by the increasing numbers of those whom the silver mine owners succeeded in organizing. The co-operating elements, however, were so discordant, their aims so diverse, and their party affiliations in general so antagonistic that little except disturbance was the result, until in the summer of 1890 the situation was such as to give an extraordinary opportunity.

Within a short time previous there had been admitted to the Union North Dakota, South Dakota, Wyoming, Montana, Wash-

ington, and Idaho. Six States, five of them mining States, all under the control of the bullion interest, with an aggregate population of less than 1,200,000, or less than two per cent. of the total population of the United States, were given twelve Senators, or 13 per cent. of that body, and seven Representatives, or two per cent. of the other House of Congress, thus trebling at once the effective political power of the bullion interest, which had even before been abnormally represented by California, Oregon, Colorado, and Nevada, the first named alone having a population and wealth at all proportionate to her representation, the other three having six Senators and three Congressmen to represent a total population of less than 800,000, while Nevada, whose representatives, Senators Stewart and Jones and Congressman Bartine, led the silver movement in the Senate and the House respectively,—though covering a territory more than twice as large as the State of New York,—was largely composed of mining camps fast becoming deserted, her total population having already fallen below 46,000.

The McKinley Bill was under consideration by the Senate after passage by the Republican House, and it was known that the Force Bill would soon arrive from the same body. The national elections were approaching. For two years Congress had been in almost continuous session. It was of the utmost importance, politically, to the Republican majority that it vindicate its existence by legislation. It was equally so to the Democratic minority that the Force Bill should not pass. In both Houses the members were worn out by continuous legislative combat, exhausted by the heat of the advancing summer, worried by being kept from their constituencies at the most critical of political seasons, and eager to close the session. The representatives of the silver interest held the balance of power in both Senate and House,—in the former comprising twenty Senators, of whom twelve had lately taken their seats, all but one members of the responsible majority. Their way was clear. Giving notice that the tariff bill should not be passed until silver legislation was had, they instantly brought their colleagues of the majority to terms. Consenting to delay the consideration of the Force Bill, they secured the acquiescence of a great part of the minority. The result was characteristic. A pending bill, providing for free coinage of silver,—essentially the old currency measure, the greater part of the popular support of which came from the Democrats of the South and West,—was discussed, and brought near to passage, only to have substituted for

it and enacted into law a measure compelling government to purchase silver bullion to the extent of \$4,300,000 per month, or about six tons per day.

This measure had temporarily the effect desired by its promoters. The price of silver promptly rose from an average of less than \$1.05 in June to nearly \$1.16 in August, then declined, until at the end of January it was only \$1.02 and thereafter fell below one dollar. This was probably little disappointment to the bullion producers and owners, since their past experience had been of similar character. Though doubtless taking advantage of the temporary rise to unload stock on hand, they still kept alive a most energetic and systematic propaganda, with its headquarters in Washington. During the summer of 1890 its committee had gone into close affiliation with committees of the National Alliance, and through that body, which had loosely affiliated with the labor movement, reached irregularly a large proportion of the labor organizations of the country. Through the facilities thus secured, a most comprehensive distribution of literature was vigorously pushed; prior to election, meetings were held in the different political centres of the country, and candidates for office waited upon by committees in favor of so-called "free coinage"; and in preparation for the session of Congress, to commence in December, blank forms of resolutions and petitions were sent to every alliance and labor organization, the address of whose officers had been secured in such a way as to carry the presumption that the national organizations of these bodies were the responsible actors, with the request that they be executed by the local officials, for whose signatures blanks were left, and promptly returned to Washington. The result was the most prolific crop of petitions and resolutions ever showered upon Congress; while the executive officers of the Silver League—the President, an ex-Democrat and Greenbacker, General A. J. Warner of Ohio, and the Vice-President, Mr. Francis P. Newlands, a Republican, the executor of the Sharon estate of Nevada, together with President Polk of the Farmers' Alliance, which was now in complete control of the silver interest—made a most determined onslaught on Congress. The steps now proposed were these: —

1. The present law provides for the purchase by government of an amount of bullion almost equal to the total current production of American mines. It was proposed so to change it as to provide for coinage for the increasing amount, whatever it might be, that should be produced.

2. After the experiments of 1878 and 1890, no one better appreciated than did the bullion producers that the price of silver could be but temporarily raised by any purchases Congress was likely to sanction. Besides this, the then pending session was the last one of the Republican House, to succeed which a heavily Democratic body had already been elected, though a protectionist majority in the Senate was apparently assured for some years to come. Whatever was to be done must therefore be done promptly, and should be of as permanent a character as possible. An attempt was therefore made to secure what was called "free coinage of American silver"; that is, the unlimited purchase by government of American silver at \$1.29 per ounce, about thirty per cent. above the then ruling market price.

The methods adopted were those discovered in 1878 and successfully exploited in 1890. A bill providing for unlimited free coinage was introduced in the Senate, the Force Bill was also revived in that body, and the Democrats threatened with its instant passage unless they should acquiesce in the silver bill, the representatives of the silver interest now breaking squarely with the rest of their party. Under this compulsion the Free Coinage Bill was advanced through its several stages, when on Jan. 13, 1891, the period limited for its discussion being about to expire, and the bill put on its passage, Senator Stewart, of Nevada, proposed to substitute for it a bill providing for such a "mint charge" on silver produced elsewhere than in the United States as would limit coinage to American silver, and shut out foreign silver by a heavy tariff, so gauged as to be always a little higher than a prohibitory rate. The storm thereupon aroused by the sincere advocates of real free coinage was, however, so loud, and the danger of delay so great, that he withdrew his proposition, and the Senate passed the bill and sent it to the House in the shape of a free coinage measure. In the House the bill was held in committee for a month. Tuesday, February 17, had been provisionally fixed as the date for report and vote upon the bill, when on the Saturday previous, just in time for the Republican caucus to be held Monday evening, there was introduced by Congressman Morrow, of California, a proposed substitute for the pending bill, providing for unlimited purchase by the government, at \$1.29 per ounce, of all silver bullion produced in the United States, and forbidding the purchase or coinage by government, except under penalties which amounted to a prohibition, of other than American silver. Such

was the measure that, both in the Committee on Coinage and Currency and in the Republican caucus, the silver representatives urged. The bill, however, was reported so late in the session that it was never reached for action.

Immediately upon the adjournment of Congress the systematic agitation throughout the country was reopened. There being now no possibility of concealment, the plans were openly avowed. On April 30, 1891, the Salt Lake *Tribune*, a mine owners' organ, noting the fact that an attempt to hold a popular mass meeting in Utah had failed on account of the fact that the masses there had not been interested, boldly urged more practical and energetic methods, assuring the mine owners that, "with a small amount of money used this year right away, they could bring such a pressure behind Congress and the President next winter as to secure immediate legislation"; expressed the belief that by the use of \$50,000 the Boards of Trade of Chicago and New York, and possibly of Boston, might be procured to pass resolutions in favor of silver; reminded each mine owner that the success of the movement would mean an increase of thirty per cent. in the price of his product, without increasing his expenditures; urged that it was the part of business men to take prompt advantage of the situation, and that the mine owners should act with that energy and liberality in contribution of means to the work justified by the fact stated by it in these words:—

"That legislation would make to the men who produce silver in this Territory a difference of \$3,000,000 per year."

Through the Farmers' Alliance, now on account of its own financial straits and internal dissensions more and more dependent for support upon the aid of the Silver League, through such of the labor organizations as it could reach or political free lances could control, the determined effort for pressure contemplated by the committee was promptly made in every quarter where political showing could be made, and at any cost of effort the insertion procured of free silver planks in State platforms. To quote these at length would be wearisome. The two most characteristic examples are probably the following from the Ohio platform, representing the old "more-currency" idea, which has had its greatest strength among the Democrats of the West and South:—

We denounce the demonetization of silver in 1873 by the party then in power as an iniquitous alteration of the money standard, in favor of creditors and against debtors, tax-payers, and producers,

and which, by shutting off one of the sources of supply of primary money, operates continually to increase the value of gold, depress prices, hamper industry, and disparage enterprise; and we demand the reinstatement of the constitutional standard of both gold and silver, with the equal right of each to free and unlimited coinage.

And the following from the Pennsylvania Republican platform, representing the "protection" view taken by the mine owners themselves:—

We favor bimetallism, and indorse the action of the Fifty-first Congress in providing for the purchase and coinage of all the silver produced from American mines; and we recommend such tariff duties as will protect our country and its currency from the debasement which will surely follow if this nation is made the dumping-ground of all the silver of the world.

II.

Such is the present situation. The silver agitation is in great part a result of the persistent activity of a large band of paid agitators and of brow-beaten politicians whom their persistence and aggressiveness have stirred into co-operation or bluffed into acquiescence, and the resulting clamor of a systematically managed local press and systematically bulldozed political conventions,—in great part noise and paper. The movement, however, is by no means confined to this, but includes three inconsistent yet natural and important factors:—

First, a large proportion of the smaller fry, and what may be called the speculative portion of our business men, and voters in general. To these "inflation," abundant money, is attractive for obvious reasons, and, as a result of the persistent propaganda in its favor,—which has now lasted for fifteen years,—has become a generally favored panacea. It affects no large masses of voters, wage-earners having learned by their war-time experience that they at least would not profit from inflation, and the Southern and Western farmers who favor free coinage doing so, in the main, for a far more radical reason. So far, however, as concerns this first class, they are not consciously aiming at any general business or political scheme. The influence of the inflationists alone would therefore be trifling.

Second, the body of those among our citizens whose business has been of late years so unprosperous that they see no hope of

prosperity except in government interference to scale down their debts and give them a new start. Such is the situation especially among the farmers of the Far West and South-west, and to a less extent among rural voters in all parts of the country. Their guiding aim is depreciation, in order to be enabled partially to repudiate their indebtedness.

This movement is not so much a conscious organization to rob creditors as the writhing of debtors who are widely reaching out for any means of escape from a situation which, being apparently hopeless, they feel to be intolerable. For several reasons this is a formidable factor in the general movement. In the first place, on the only occasion within the memory of this generation when our currency was generally depreciated it was accompanied by such a political and industrial crisis as combined to make it not merely a windfall to debtors in general, but a God-send of prosperity to the farming classes in particular. The memory of war-time prosperity combines with the apparent antagonism of interest between the rural and the urban population to increase and make more bitter an agitation to which is attracted, as to the first Cave of Adullam, every one that is in distress and every one that is in debt and every one that is discontented. And here, so far as its strength is concerned, is the real backbone of the silver agitation.

Third, the silver bullion producers and owners of silver mines, mainly of California, Colorado, Nevada, Oregon, Washington, North Dakota, South Dakota, Montana, Idaho, and Wyoming. As has already been pointed out, these are a compact body of capitalists, practically controlling the politics of ten States, with abnormal political representation in Congress, and with an influence, under late and pending circumstances, out of all proportion even to that representation. The motives of these gentlemen are clear and their methods direct. They demand that our government shall guarantee them a market for every ounce of silver that they shall produce, at a price thirty per cent. above that at which, even under the stimulus of government purchases at the present rate, the market price now stands. And, so far as the political power of the States in question can be effectively used, they are ready as heretofore unscrupulously to employ it. To the extent that unlimited funds, with a prospect of an immediate gain of at least \$12,000,000 per year, increasing rapidly as time goes on, may tempt and enable them to perfect and utilize organization, their effective activity may be counted upon; and, in fact, they have of

late undertaken to direct the general agitation politically, to subsidize the popular movement represented by those who wish for depreciation, and to combine for systematic effort all co-operating forces.

The three classes of activity in question may be therefore classed as movements for "Inflation," "Depreciation," and "Protection of Silver," respectively.

Neither of these three movements is formidable by itself. That in favor of silver protection is lacking in every element either of popular sympathy, of business principles, or political tact. That in favor of depreciation is one which, though from its nature it enlists an unpleasantly large proportion of our voters in its behalf, is, on the other hand, just the one to rally in determined opposition the rest of our people, which, on the whole, may always be said to preponderate in resources to the extent of the possessions and hopes of the prosperous or sanguine among us, and in moral force by the added weight of the deliberate honesty of the clear thinkers among voters. That in favor of inflation is vague, formless, and unable to stand alone as a political force. Combined, however, under late and present circumstances, they have produced the present and threatened status in currency and politics. What is the prospect? Almost certain confusion and clamor until the agitation is fairly met and broken by opposition or until it is ruined by its approach toward success, which will necessitate a combination of its mutually destructive elements. For free coinage of American silver alone would not add materially to our currency, and hence would be simply an insult to the masses of the unfortunate who look to abundance and cheapness of currency for relief. On the other hand, unlimited free coinage of silver, while it would effect depreciation of our currency, would in the very process destroy the main hope of gain on the part of the mine-owners, and hence would be for them even less satisfactory than the present law.

There is, therefore, little danger that the financial situation will ultimately be worse than such as may result from the present law. The practical question, therefore, now is whether the workings of the present law and the effect and prospect of continued agitation for an indefinite time to come are so serious as to justify immediate attempts to correct the status, or whether the movement can safely be left to await the explosion from within it which a combination of its elements must produce.

III.

In this view, what are the actual and possible results? As has just been noted, we may consider the law of 1890 about as bad legislation as we need expect. Its operation is to dilute our currency with six tons per day of silver dollars, worth now about seventy-six cents each, but current on the faith of government pledges at one hundred cents. This statement in itself seems a definition of disaster. It is a fact, however, that a similar peril was supposed to be involved in the Bland Act of 1878, under which \$2,000,000 per month of the same depreciated money have been added to our currency; and, again, that a similar peril was considered imminent when a year since our present law went into operation; also, that during the twelve years' operation of the Bland Act our currency was kept at a gold standard, and that up to date among our citizens at large gold and silver are still interchangeable at their face value. It is proper, therefore, to see whether the causes by which similar disaster has heretofore been averted are likely permanently to protect us.

The Bland Act went into operation in 1878. It provided for floating a sum increasing at the rate of \$24,000,000 per annum of depreciated currency, on faith that the government would keep it redeemable in gold. The advocates of the measure believed that the business of the country would eagerly absorb and keep in circulation all that would be coined for an indefinite time in the future, and that, as a result of this demand, the price of silver would rise and be maintained at its currency value, hence that the Treasury would not be obliged to redeem any considerable portion of it. Its opponents, on the other hand, believed that the people would resent a depreciated currency, and that it would be thrown back upon the Treasury before any considerable amount could be put into circulation.

For the time being all parties seemed mistaken. On the one hand, the new dollars found circulation in large amounts throughout the country without any depreciation of the currency; and, on the other hand, the price of silver, after a slight rise, sagged back again still lower than before, and the gulf widened between the nominal and the actual value of the dollars in circulation. In and shortly prior to 1885, however, signs began to multiply that trouble was at hand. As long as the silver dollars were a novelty and the number in circulation not large, there had been no trouble in

disposing of the current mintage. As, however, the amount increased, people became less willing to take them and more resentful of a depreciated currency. To facilitate their distribution, the Treasury shipped them free of charge to any part of the country; and for a time, especially in view of a contraction of the paper currency, the demand grew better. But even this finally slackened; the undisposable stock of the government increased to hundreds of tons; the gold reserves in the Treasury steadily decreased; and, in anticipation of collapse, gold began to be hoarded throughout the country. At this crisis the Secretary of the Treasury was Mr. Manning, an experienced banker. He had not been responsible for the creation, and had steadily opposed the continuance of the system which was ripening toward ruin. But, as Secretary of the Treasury, he accepted the duty of falsifying so far as possible his own warnings, and, favored by the peculiar circumstances of the time, added the talent he had matured by experience.

He therefore procured authority to issue certificates payable in silver in denominations of \$1, \$2, and \$5, holding the silver dollars against them instead of attempting to force the coins into actual use. The effect was instant. Issued in denominations most used in petty transactions, the new bills became the currency of common cash dealings among the people at large. By withdrawing the smaller issues of greenbacks, room was made for more silver certificates. The contraction of the national bank currency made another gulf which they were used to fill. The new certificates, being in the shape of bills, reminded their owners neither by appearance nor weight that they stood for depreciated silver; and the greater part of the money in the pockets of our people became paper, calling for silver, which, had it taken suddenly the place of the paper, would not merely have weighed down intolerably the people's pockets, but before morning would have set on foot a political revolution against depreciated money, the volume of which would thus for the first time be generally appreciated. Remembering that the present certificates, payable "in coin," really represent the bullion the government is lately purchasing, each present, by simply running over the cash in his pocket, can appreciate how incommoded and startled he would be, should that part of it which represents silver be turned into silver, and how long he would stand it.

Circulation having thus been promoted, the Treasury fortified its

position from the other side by steadily increasing its stock of gold, as with the surplus revenue it was able to do. Under the present law, the increased bullion purchases are also floated by certificates. Will this expedient continue to avert depreciation?

In important particulars the present circumstances differ from those lately ruling:—

First, the amount to be floated is increasing at the rate of \$4,500,000 instead of \$2,000,000 per month.

Second, the expedient of substituting silver certificates for greenbacks and national bank currency is practically exhausted.

Third, government expenditures have lately so increased that, instead of having a revenue surplus wherewith to increase a stock of gold, the Treasury must live from hand to mouth, and shortly be without resources except the funds it daily receives.

Fourth, as a consequence of the above, and the agitation for unlimited free coinage, the business community has become wary, and is holding its gold, making payments in silver whenever possible.

To speculate on how much this country can stand is hazardous to one's répute as a prophet. It is safer to note the signs of the times. What are they?

It is but a little more than a year since the present law went into operation. Consulting the Treasury Reports, we find that June 30, 1890, there was in circulation in the United States, outside of the Treasury, \$1,440,000,000, of which above 35 per cent. represented gold; June 30, 1891, the amount in circulation was \$1,528,000,000, of which 34½ per cent. represented gold. This is unpleasant, but not so startling in itself. Remembering that under our system the Treasury is the source of our currency, let us examine that, and see whether or not we are dealing with a serious tendency or a casual fluctuation.

June 30, 1890, the net Treasury assets were \$156,000,000, of which above 58 per cent. represented gold. A year later the similar assets were \$172,000,000, of which less than 25 per cent. represented gold. From this we see that the decreasing proportion of gold in circulation is the result of trouble at the very fountain of our supply, which threatens a flood of silver and dearth of gold to an extent we have not yet begun to experience. How serious is that trouble?

Recalling that customs receipts are the principal streams which feed the Treasury, and that they are fed by payments drawn from

the circulation, we can investigate one step further. Up to a year since, above 90 per cent. of customs-house receipts was in gold. Since then the proportion of gold has steadily declined, till in March last it constituted but 65 per cent., in May last but 28 per cent., and in June last but 12 per cent. of the receipts.

The circle of investigation is completed, and the inference plain. Not merely has the Treasury proved powerless to sustain the equality of our currency, while pouring into it \$4,500,000 per month of depreciated silver, but the selection, by which gold values are retained and silver used for payments to the government, indicates that gold is being hoarded outside the Treasury, so that the real amount in effective circulation is a very much less proportion of our currency than even the decreasing percentage indicated by the Treasury estimates.

With gold receipts diminishing from above $\frac{1}{2}$ to less than $\frac{1}{8}$ of our customs revenues; with our Treasury assets showing but 25 per cent. of gold as compared with about 58 per cent. a year ago; with our total currency, outside of the Treasury, changing in the same direction; with proof that, even with the lessening proportion of gold, a greater portion is being hoarded,—can we be blamed for dreading nearer approach to the brink of disaster, especially when the acts of both government and the business public already show gold at a premium?

Since the passage of the present law a constantly larger proportion of public and corporate loans are made payable in gold, and others are not now negotiable at all. Time loans and securities not payable in gold are refused, except on greater margin or at higher interest than those payable in gold.

A few months since the government, refusing to furnish gold bars, plenty of which it had, compelled exporters of gold to lose \$1,000 for each \$1,000,000 furnished them, thus putting gold to them at $\frac{1}{10}$ per cent. premium, at which price they have taken above \$6,000,000.

And still later the government itself has sold legal tender Western exchange, to "move the crops," at a price sixty cents per one thousand dollars less than normal rates, on condition of being paid in gold, \$12,000,000 of which has thus been secured at an effective gross premium of \$7,200.

In other words, in large transactions, where actual gold is the normal currency, it is already at a premium. Many possibilities may retard, many more likely ones may accelerate, the rate at

which this premium shall become so large as to be recognized in similar transactions where people at large are concerned. We must be prepared for it. What will be its consequence?

I can see no reason to believe that the appreciation of gold must be sudden or great. Nor can I see any reason to anticipate a panic. There are two reasons why as to certain ordinary causes they do not exist.

(a) So far as concern expansion of credits, we have been contracting them, closing outstanding accounts, and scrutinizing securities to such an extent that we are prepared for a panic, the one condition of things in which it is least possible.

(b) So far as concerns contraction by withdrawal of gold from circulation, it is not now used as hand to hand currency. Remaining in the same vaults as at present, it would be a basis of credit almost as available as currency.

A premium on gold recognized in ordinary transactions, even if but a moderate one, would, however, hit business men on their most sensitive, financiers on their most wary, and politicians on their weakest side. It would wound the national pride of every citizen, would effectually discredit bimetallism in the United States till this generation was buried, and in view of war depreciation, still fresh in mind, would face every citizen with *possibilities* of financial quackery that would not only lead to a prompt remedy, but wipe silver agitation from existence.

From a political standpoint, the present agitation has been the opportunity of every marplot in either of the political parties who for any reason—either lack of confidence in his party's stand, lack of opportunity for leadership unless the issues can be changed, lack of power which makes him a natural Adullamite—wishes to divert the national issue from questions of the tariff. In addition, it weakens both parties by diverting the efforts of many honest and more shifty politicians and a greater proportion of the rank and file from activity on general party lines.

This situation bids fair to be continued, and even be aggravated, until the question is disposed of. As above noted, there is little probability that any legislation will be had more extreme than that now in force. Political and business interests are, therefore, alike prejudiced by the irresponsible agitation that characterizes the silver movement.

It did not seem to me worth while to discuss from a business point of view the possibilities of further legislation. Since, how-

ever, that is a matter of practical politics, it may be proper to refer to it here.

The Ohio and Pennsylvania platforms quoted above represent the probable alternatives of further concession, if made to the silver interests.

The result of embodying in legislation such part of the Ohio platform as is intelligible would be unlimited free coinage of silver, a depreciation of our currency by one-fourth of its present nominal value, and the driving of the Democratic party into political woods as a scapegoat for the sins of the people.

In case the Pennsylvania platform be made effective by law, we shall have no increase of the currency, but protection to American silver, involving not merely a prohibitory tariff, but the guarantee by government to purchase the entire product at a rate thirty per cent. above that at which the price has generally ruled of late years. Such a grotesque and unpopular perversion of the principles of protection would render superfluous attacks of revenue reformers and free traders. Loaded by the "body of this death," the Republican party would go out of power.

The Ohio and the Pennsylvania ideas are so mutually antagonistic that there is fortunately no possibility that more than one of them can possibly harm us.

IV.

Such is the status and the prospect.

Who is responsible?

First, the statesmen and politicians of both parties, who have been content to organize the rank and file of their voters into mere election machines, have left them ignorant of real issues, and subject to drift into false ones, or to be helplessly led about by any demagogue that can be hired to pervert them.

The masses of our people are naturally honest, intelligent, eager to know and quick to appreciate public interests. If the respective parties but did their duty by their voters, political cyclones would give place to legitimate politics, intelligently guided, working out the best interests of all.

Second, the business interests that, when menaced, do not promptly and aggressively defend themselves.

With all honesty and fair intent, men are sure to attempt what seems probable to help them, and to try disastrous experiments in proportion to their desperation and ignorance. The conservative

and prosperous interests of the country owe it to themselves, not less than to their fellows, instantly and systematically to resist economic error. They are responsible for the financial conscience of the nation.

I need not dwell on the futility of the plan of non-resistance, though, in view of the fact that it has always failed, it yet shows a surprising vitality. Even if peace were the great aim of life, there is no peace like the Biblical peace,—"When the strong man armed keepeth his own."

How windy is the clamor, how unsubstantial the artillery, of the free coinage movement was seen last February, when, at a single word from our ex-President, they melted in still air over so great a part of the country!

Unless, therefore, we are satisfied with the present situation, unless we are willing to face the possibilities which it involves, unless we prefer calmly to wait until the Frankenstein of the sheer fiat money idea, to which we gave life a few years since, shall be ready to throttle us in a struggle incomparably more serious than the present one, the path of prudence is as narrow as straight. Intolerance of economic heresy, practical and systematic education of the people,—such are the only guarantees of safety.

I do not mean to suggest that, with the effort thus involved, the duties and the privileges of our intelligent business men are at an end. The last few years have been those of wonderful development in what may be called the process of giving fluidity to capital. Exchange and clearing-house methods; the growth of the system of storage receipts and bills of lading as the basis of exchange; the developments of business methods made possible by the telephone, the telegraph; and the increasing promptness and cheapness of transport; the radical reform in methods of real estate record and transfer,—have of late wonderfully facilitated the free use by each who enjoys them of the whole or part of his property in whatever shape it may be invested. Not merely has this development not progressed in our new and rural districts as in the older and more thickly settled part of the country, but to a surprising extent rural and frontier districts are little favored, even when compared with their own earlier facilities,—this while the very fact of the development in which they do not share makes more obvious to them the disadvantages under which they labor. It seems improbable that our statesmen and financiers shall not be able to devise such an extension of banking facilities as shall

enable our whole country more equitably to share the advantages of late so increased in our financial centres. In any case, they will neither have done their duty nor deserve to be left in peace until a thorough attempt has been made.

Last and most important, in view of the fact that the agitation which is the subject of these remarks is rooted in the poverty and misfortune of millions who have failed to share the prosperity with which, not less than in previous years, our country has lately been blessed, each should do his part to help bring about that general and equitably shared prosperity which is the natural cure of the financial heresies now most current; and in his political action, whether as voter or law-maker, remember that obligation which should be even more sacred to the American than it was to the Roman citizen,—subordinating personal advantage to the general good, ever so to do that the common weal shall not suffer thereby.



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